

## **Merger performance of financial institutions in Malaysia**

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### **ABSTRACT**

This paper investigates and compares pre and post-merger operating performance of acquiring banks of the recent banks mega mergers in Malaysia. A sample of 47 banks for period beginning 1992 through 2002, a period characterized by major changes in the banking sector was utilized in this study. The merger exercises provide an opportunity for Malaysian banks to improve their efficiency and to enhance their competitiveness in view of ongoing financial liberalization. The findings reveal that bank characteristics such as bank growth and market growth are found to be significant and played a role in explaining the differences in pre and post-merger performance. Also, capital asset is found to be significant in explaining the impact of the post-merger of the acquiring banks.